

# THE INFLUENCE OF SOLOMO MARKETING ON OFFLINE BUYING

by

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## ABSTRACT

SoLoMo marketing is emerging as a new marketing campaign to approach to the target consumers and would be widely used to increase consumers' campaign response. Due to the operational differences in consumer behavior between traditional marketing and mobile marketing, the influences of SoLoMo marketing for retailers and what factors influencing the response of SoLoMo are worthy of study. This study investigates the effects of "Restaurant Locator" APP, which offer local-based push message and word-of-mouth mobile service. Snowball Sampling was used in this survey to locate smartphone user who is also a "Restaurant Locator" APP user. An online survey was adopted and 156 valid questionnaires were collected. Analytical results indicate that consumers would increase their restaurant purchase intention by SoLoMo campaigns and restaurant's e-WOM. The trust of mobile APP social platform can influence the willing of using LBS discount message and the usage of APP's Restaurant e-WOM. Furthermore, the characteristics of App social platform perceived by consumers can substantially influence consumer's response to SoLoMo campaign.

## KEYWORDS

Mobile Marketing, Location-Based Service, e-WOM, Purchasing Intention

## INTRODUCTION

With the rapid growth of internet and smartphone user, mobile commerce has gained its popularity. Therefore, all kinds of mobile marketing emerged. According to Marketing Intelligence and Consulting Institute of Taiwan internet survey in 2012, 41% of users receive the product information by user comments which shared on the mobile APP social platform. The top three product purchasing influencers are website platform shared information (62.9%), recommend by friends (56.4%) and social network sharing (51%). Reviewing on the internet comments before actual purchasing becomes indispensable. Meanwhile, with internet gained its popularity these days, consumer likes to refer to the data on internet before purchase for minimizing the decision uncertainty and reducing the time to survey (Huang & Chen, 2006). Accordingly, electronic Word of mouth (e-WOM) can effectively reduce the feeling of uncertainty and perception of risk and can promptly influence consumers' purchasing decision (Chatterjee, 2001; Chen, 2010).

Location Based Service (LBS) is locking on user location and provides user required information into mobile device in real time (Chang, Wang, Lin & Kao, 2013). Once consumer reaches within the LBS range, information includes local restaurant profile, promotion, discount and coupon offers will transfer to consumer's mobile device (push strategy) (Jheng, 2010). If consumer is interested about the product that presents in mobile device, consumer can review the comment on the social platform to determine if the product is worth buying (pull strategy). LBS and social platform provide real time comments and influence consumer purchasing decision at physical restaurant; they also improve the promotion efficiency. The immediate interaction between restaurant and social network platform works as a complementary for pulling customer attention and pushing product to customer. This type of mobile marketing fulfills the real time interaction between the virtual and the reality; bridging between push and pull marketing.

SoLoMo (Social-Local-Mobile) is depending on social community platform, using LBS service to integrate product resource online and purchasing activity offline. Consumer can use mobile device and social community comments for better understanding the product and share the information with friends. It widely spreads the brand awareness and improves the brand value (Martin & Leug, 2013). SoLoMo is a Mobile Marketing made an alliance with social community platform; it brings a new model of brand experiences and interaction. Target customers can participate in marketing activity anytime and anywhere to give a better value of its product, and also build up its social interactive image. This study defines SoLoMo as an effectively integrate tool of social internet community, local-based and mobile device which can be mobilized, real timed, localized and interacted.

Extant studies discuss the response of promotion integration with social community network, local based service and mobile device. The study of M2O (Mobile to Offline), from virtual activity inducting to physical restaurant activity, was less discussed, such as local-based coupon, context-awareness marketing services. Due to the differences on consumer behaviors in mobile promotion vs. traditional promotion, SoLoMo becomes an interesting topic for study, especially, whether it can bring the sales opportunity for physical restaurants. This study focus on how mobile e-WOM and discount reminder influence consumer's willingness to buy, and what factors affect SoLoMo's credibility and purchasing intention.

## **LITERATURE REVIEW AND HYPOTHESES**

### **SoLoMo Campaign and Purchase Intention**

Sarwat, Eldawy, Mokbel and Riedl's (2013) shows the combination of LBS and social media's recommendation can generate higher profit than traditional marketing method. Noguera, Barranco, Segura and Martínez (2012) and Husain and Dih (2012) also indicated that the LBS and reality expansion can raise the usage of mobile device. Hence, mobile promotion integrating with social media and LBS can effectively communicate with targeted customers at the right time and right place. Consumer prefers to use other's comments and related information to do purchasing decision (Chatterjee, 2001; Godes & Mayzlin, 2004). Bacile, Ye and Swilley (2014) demonstrated that push versus pull marketing communication can enable marketing campaign more effective: eWOM pull consumer and firm push personalized marketing message. The information of social community comments is attributed higher credibility and usefulness than information of traditional advertising (Godes & Mayzlin 2005). And cell phones enhance consumers to immediately receive restaurateurs' marketing campaign and mobile WOM at any time and in any location, which will influence their decision-making (Pescher, Reichhart, & Spann, 2014). In this regard, combining service by location and mobile device can enhance mobile promotion flexibility and effect. Adding LBS service can add value in personalized service, and trigger client's purchasing intention.

H1-1: For those SoLoMo APP users who are receiving LBS auto notification have greater intention to purchase recommended goods

H1-2: For those SoLoMo APP users who are using mobile eWOM have greater intention to purchase recommended goods

### **App Platform Reliability and Consumer SOLOMO Usage**

Based on information process and communication theory, the pull and push message is sent via social media; upon which receiver rely on the medium to decode the message send by other users or business. In this regard, the reliability of medium is important for the effect of communication (Bacile, Ye & Swilley, 2014). With confidence of the social medium, social audiences willing to spent their time and interact on social media. As a result, users' social engagement is on the rise, the chance to response a marketing campaign is increased. Consumer purchasing intention is influenced by WOM if information is provided by trustworthy social platform (Chih & Hsu, 2013).

H2-1: The reliability of the Mobile APP social platform affects the usage of LBS auto notification

H2-2: The reliability of the Mobile APP social platform affects the usage of mobile eWOM inquiry

H2-3: The reliability of the Mobile APP social platform affects the willingness to buy recommended goods

### **Factors Influence Social Platform Trustworthiness**

Hewitt (2005) mentioned that rapid information update is the key to a blog's success. Rapid information update is a key factor of enhancing the richness of information to the member and it is also an important feature of social network platform. According to Yang and Lim (2009) higher frequency of interactivity blogs can secure higher trustworthy relationship and increase information sharing. In addition, Self-disclosure can enhance intimacy between user and App platform, and easier for App user to accept the products that recommended by the high intimacy web platform (Ko & Kuo, 2009; Yang & Lim, 2009).

H3: Information Richness can ensure higher trustworthiness of the Mobile APP social platform

Chih and Hsu (2013) demonstrated that web user visits cosmetic sharing platform for information collection, interactivity and entertainment; user screen out useful information for personal needs when reading cosmetic sharing platform. In this regards, commercial messages is embedded into this social platform and invoke their influence on reader's decision. Therefore, commercial intent of social platform can drive consumption to their users depending on personal commercial information needs. Therefore, the feeling of commercial intent is one of important variables of platform trustworthiness. Message embedded more useful commercial information can help consumer doing decision and also increase the trustworthiness of a web platform.

H4: Commercial intent perceived by user can increase trustworthiness of the Mobile APP social platform

## **RESEARCH METHOD**

Seeking eWOM on restaurant choices is a necessary step to reduce consumption risk (Guthrie & Kim, 2009). "Restaurant Locator" APP is a social community platform that also adopt SoLoMo promotion which using LBS concept to offer restaurant information and provides users to rate restaurants they had dining experiences. User is able to receive LBS discount message and searching restaurant reviews on Restaurant Locator APP. LBS service and mobile restaurant review searching meet the three factors of "SoLoMo" promotion. Social ("Restaurant Locator" APP - user experience sharing platform), Local (Local restaurants discount information notification), and Mobile (connect to ubiquitous network using mobile device). SoLoMo transforms searching on the internet to shopping on the actual store, which is online to offline (O2O).

In response to the aforementioned research framework, survey method was adopted in this study. This research subject is mainly focus on the impact of "Restaurant Locator" APP user experience sharing (WOM) and LBS discount notification on purchasing behavior. Participants are difficult to obtain since "Restaurant Locator" APP just offer to smartphone user only. This research recruited smartphone user who is also a "Restaurant Locator" APP. Snowball sampling was applied to extend the sampling frame to their friends and relatives who also have mobile device with Restaurant Locator" APP.

### **Measurement**

This study has 4 constructs (information richness, commercial intent, trustworthiness and purchasing intention) and two variables (the real usage of LBS discount notification and mobile WOM). Bases on previous scholars' definition and measurement, this study revise constructs' operational definition and measurements as in Table 1. In this study, "usage of LBS discount notification" and "usage of mobile WOM" are measured as "I depend on using Restaurant Locator to get restaurants' discount" and "I depend on using Restaurant Locator to search restaurants' word-of-mouth" separately.

### **Questionnaire**

Data was collected through questionnaire. First part of questionnaire is screening respondents if he/she has download "Restaurant Locator" APP. Second part focus on sharing mobile APP social platform feature which includes rapid update, interactivity, and self-disclose level, commercial intent. Third part is the trustworthiness of Restaurant Locator sharing platform. Fourth part is the usage of "Restaurant Locator" LBS discount message, APP's Restaurant Review and Purchasing intention to SoLoMo APP recommend restaurant. Fifth part contains personal data (sex, age, education, average month income). All the variables are measured on 5-point scale (1 being very disagree and 5 very agree).

**TABLE 1**  
**CONSTRUCTS DEFINITION AND MEASUREMENT ITEMS**

Constructs	Definition	Item	Question	References
Information Richness	The ability to provides easy access for updated restaurant information and comments, and interact among users and restaurant owners on “Restaurant Locator” communications medium	upda1	I feel “Restaurant Locator” APP restaurant information updates frequently	Hewitt (2005), Yeh (2010)
		upda2	I feel “Restaurant Locator” APP restaurant’s menu renew frequently	
		upda3	I feel “Restaurant Locator” APP price updates frequently	
		upda4	I feel “Restaurant Locator” APP general information updates at least twice a week	
		Inter1	I feel “Restaurant Locator” APP restaurant owner and user interact frequently	Sundar, Kalyanaramn & Brown (2003); Yang & Lim (2009)
		Inter2	I feel “Restaurant Locator” APP user and user interact frequently	
		disc11	I feel “Restaurant Locator” APP restaurant owner mind users’ comment	
		disc12	I feel “Restaurant Locator” APP user pay attention to other users comments	Yang & Lim (2009)
		disc13	I feel “Restaurant Locator” APP user is willing to share personal experience	
		disc14	I feel “Restaurant Locator” APP user like to post restaurant photos	
Commercial intent	Levels of APP users recognize the commercial acts of trying to sell restaurant to them or influence their buying intention.	Busi1	I feel “Restaurant Locator” has strong commercial intent to influence users’ buying intention	Balter & Butman (2005); Lin (2009)
		Busi2	I feel “Restaurant Locator” APP accept sponsor from restaurant owner	
		Busi3	I feel restaurant owner arrange writer to do commercial manipulation	
		Busi4	I feel “Restaurant Locator” APP has significant restaurant placement	
		Busi5	I feel restaurant owner’s recommendations have attempt to increase restaurant’s popularity	
		Busi6	I feel “Restaurant Locator” APP users’ recommendations have attempt to increase user’s popularity	
Trustworthy	How well the APP user thinks the content of “Restaurant Locator” is professional and reliable.	trust1	I feel “Restaurant Locator” APP user sharing article is professorial like	Ohanian (1991); Kiecker & Cowles (2001)
		trust2	I feel “Restaurant Locator” APP user sharing article is appropriate	
		trust3	I feel “Restaurant Locator” APP user sharing article in restaurant comparison is responsibility	
		trust4	I feel “Restaurant Locator” APP provide restaurant information is creditable	
Purchasing intention	The buying intention after receiving restaurant’s discount and reviewing word-of-mouth on “Restaurant Locator” APP	PI1	It is possible that I will use discounts provided by “Restaurant Locator” APP	Zeithaml (1988); Morwitz & Schmittlein (1992)
		PI2	I have consumed in the restaurant after knowing its word-of-mouth on “Restaurant Locator” APP	
		PI3	I will consume in the restaurant recommended by “Restaurant Locator” APP	

## RESULTS

Survey was conducted through the internet questionnaire form and 156 usable questionnaires were collected. 38.5% is male, and 61.5% is female; 48.1% is between age of 31~40 years old, and 26.9% is between age of 21~30; 50.6% respondent has college degree, and 36% average monthly income is NTD30K~60K; 44.2% of “Restaurant Locator” APP user uses APP 1~3 times per week. Factor analysis identifies 4 factors and accounts for 78.80% of variance; each variable has a single high loading on only one factor, so there is no problem of cross-loading. All indicator factor loadings were range from 0.742 to 0.933 on their respective dimensions. These high correlations indicate that the scale is measuring its intended concept.

The results of CFA test show that all item-to-total values, Cronbach’s alpha coefficients, C.R., and AVE estimates were above the minimum acceptable levels; and  $\chi^2 = 298$ ,  $DF = 217$ ,  $\chi^2 / df = 1.38$ ,  $GFI = 0.86$ ,  $AGFI = 0.82$ ,  $CFI = 0.98$ ,  $IFI = 0.98$ ,  $RMR = 0.02$ ,  $RMSEA = 0.05$  shows proper model specification. The above evidence supported reliability and convergent and discriminant validity for all research scales.

### The Influence of SOLOMO on Purchase Intent

From Table 2, the hypotheses of Purchase Intent of recommended product influenced by the Usage of LBS Discount Notification (H1-1) and Usage of Mobile “Word of mouth” (H1-2) are confirmed. Restaurant consumption is positively influenced by the APP user’s Usage of LBS Discount Notification; likewise the Usage of Mobile “Word of mouth” also determines the intention of consumption in the recommend restaurant. According to Table 2, Usage of LBS Discount Notification has positive influence to consuming in the recommend restaurant ( $\beta = 0.331$ ,  $P\text{-value} < \alpha=0.05$ ). Usage of Mobile “Word of mouth” has weight in consuming in the recommend restaurant ( $\beta = 0.356$ ,  $P\text{-value} < \alpha=0.05$ ). This implies that Usage of LBS Discount Notification and Usage of Mobile “Word of mouth” have direct influence on Purchase Intent of recommended product.

**TABLE 2**  
**PATH ANALYSIS RESULTS**

Hypothesis	Path	Estimate	S.E.	C.R.
H3	Trustworthy $\leftarrow$ Information Richness	0.794***	.076	10.417
H4	Trustworthy $\leftarrow$ Commercial intent	0.184***	.055	3.313
H2-1	LBS $\leftarrow$ Trustworthy	0.657***	.075	8.728
H2-2	eWOM $\leftarrow$ Trustworthy	0.685***	.074	9.202
H5	Purchasing Intention $\leftarrow$ Trustworthy	0.234***	.069	3.420
H1-1	Purchasing Intention $\leftarrow$ LBS	0.331***	.065	5.068
H1-2	Purchasing Intention $\leftarrow$ eWOM	0.356***	.067	5.327

\*\*\* p-value < 0.001

### The Influence of Trustworthiness of Social Platform APP on the Usage of SOLOMO

Table 2 shows the hypothesis about “Trustworthiness” driving the acceptance of the Usage of LBS Discount Notification (H2-1) and the Usage of Mobile “Word of mouth” (H2-2) are established. “Trustworthiness” positively influences the Usage of LBS Discount Notification and also effects directly of the Usage of Mobile “Word of mouth”. The hypothesis can be claimed as being confirmed.

According to Table 2, Trustworthiness has significant positive influence to the Usage of LBS Discount Notification ( $\beta = 0.657$ ,  $P\text{-value} < \alpha=0.05$ ), and Trustworthiness also has significant positive influence to the Usage of Mobile “Word of mouth” ( $\beta = 0.685$ ,  $P\text{-value} < \alpha=0.05$ ). This implies that Usage of LBS Discount Notification and Usage of Mobile “Word of mouth” have been direct influenced by the Trustworthiness.

### Factors Influence the Trustworthiness of APP Social Platform

According to Table 2 path analysis result shows “Restaurant Locator” APP’s Information Richness has positively influence Trustworthiness of APP social platform ( $\beta = 0.794$ ,  $P\text{-value} < \alpha=0.05$ ). In the other word, it is more trustworthy to the mobile APP sharing platform when it got more information on it. Thus, H3 has been supported. Commercial Intention also has significantly influence Trustworthiness of APP social platform ( $\beta = 0.184$ ,  $P\text{-value} < \alpha=0.05$ ) which support H4. It means the more Commercial Intention shows on APP platform, the more trustworthiness of

APP platform got. The trustworthiness of APP platform also significantly positive influence the purchasing intention of recommended restaurant ( $\beta = 0.234$ , P-value  $< \alpha=0.05$ ), which support H5.

## CONCLUSION AND DISCUSSION

This study present that adding SoLoMo mobile nature into traditional marketing can increase purchasing intention for recommend restaurant. SoLoMo promotion could take push tactics (initiatively provide personal promotion message which ensuring the customer is aware of restaurants at the point of purchase) and pull tactics (interactively share WOM which motivating customers to seek out restaurants in an active process) to achieve the level that traditional promotion could not reach easily in the past. SoLoMo campaign can utilize social media platforms to promote a brand, offer local-based incentives to those who check in, connect between a brand and its customers through mobile devices. Results also indicate that the trustworthiness of Mobile APP social platform influence the willing of using LBS discount message and mobile phone APP's Restaurant Review. More influence related to the trustworthiness of mobile APP social platform when mobile APP social platform shows richer information and more commercial intent. Result validate past research about trustworthiness of mobile APP social platform will influence purchasing intention (Yeh, 2010).

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